



Fachverband der
Elektro- und
Elektronikindustrie

Economic strategies for a strong Europe

Position Paper

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Strategies for a strong Europe

Driving European value creation – Protecting key technologies – Seizing opportunities

In recent decades, the European countries have established a system in the European Union that has decisively driven forward democracy, prosperity, equality, tolerance, international cooperation and environmental and climate protection. However, recent crises and global tensions have made the continent realise that all these achievements cannot be taken for granted and can only be maintained and further developed through joint political work: In 2001, the EU still accounted for around 20% of global GDP, making it the largest economy. This share has declined massively: In 2023, the share was only 14%, which now puts it in third place behind the USA and China.¹ Elsewhere, governments began implementing strategies to improve their own competitiveness at an early stage, while the EU clearly missed the boat. Europe still has the power to return to the path of economic success. This requires an economic strategy that builds on research, technology and innovation which also integrates competitiveness, resilience, strategic autonomy and sustainability. The core elements are an active industrial and trade policy, a European financial market, smart legislation and an ambitious European R&D agenda.

An essential industry for key technologies

The electrical and electronics industry, with its products and innovations, is an important sector and the driving force for future advancements in digital technologies. A prerequisite for the success of a strategy to position Austria and Europe strongly in the global competition for competence is a research, technology and innovation-orientated industrial policy that does not focus on individual parameters in isolation, but thinks and acts systemically. This industrial policy must be based on three pillars:

- strengthening of the existing technological competences;
- creating strategic value chains;
- and creating a level playing field for international competition.

The clear goal must be to strengthen competitiveness. In order to achieve this, four key policy areas have been identified, for which we propose a number of recommendations to ensure that Europe remains a competitive force on the global stage.

Our recommendations

- Active trade and economic policy
 - **Europe needs active measures against unfair rules of the game:** The current shifts in the international economy are not the result of economic considerations, but are primarily geopolitically motivated and are intended to achieve strategic goals.² The resulting unfair practices make a resolute and reactive trade policy imperative.
 - **An effective industrial policy can only be achieved together:** Industrial policy strategies are most successful in large economies.³ Industrial competitiveness must therefore also be improved through a strategic European industrial policy.
 - **Utilise the strengths of the Single Market:** Procurement via the EU is much more effective in areas like cross-border infrastructure, but also security and defence. Future EU budgets should therefore account for the financing of such tasks.⁴
- A European financial market
 - **Austria needs a European capital market union:** The European capital markets are underdeveloped compared to the economic performance of the EU. The lack of integration

¹ IMF: GDP based on purchasing power parity (accessed on 19.06.2024)

² Ifo Institute: Foreign Trade In Transition (January 2024), p.22

³ IMF: Fiscal Monitor (April 2024), p. 28

⁴ WIFO: Pan-European Public Goods: Rationale, Financing and Governance, p. 9

of the financial markets also results in the trend of European savings flowing primarily into the American economy.⁵ This means that the domestic economy lacks urgently needed investment.

- **Austria needs European venture capital:** The EU has an extremely low venture capital share of just 0.1% of GDP, compared to 0.7% in the US.⁶ This capital is essential above all for innovations, start-ups, but also for the scale-up of industrial production.
- Smart Legislation
 - **Europe must better coordinate its strategic instruments:** The Net-Zero Industry Act, the European Chips Act and the Critical Raw Materials Act can only realise their full potential if they are optimally aligned. This would contribute to a European domestic market that ensures a resilient supply of important goods.
 - **Europe must develop and implement laws with a sense of proportion:** The industry needs long-term, stable framework conditions and more time to implement the large number of regulations. There is an urgent need to reduce bureaucratic hurdles, reduce reporting obligations as well as procedures and harmonise them.
- European research and development
 - **European freedom of research:** Higher education is strategically important for competitiveness. Therefore, barriers to the recognition of certificates and qualifications must be removed and more research cooperation must be initiated at EU level.
 - **Strengthening resilience – expand the IPCEI mechanism:** Strategically important projects need larger funding, faster approval procedures and better integration of the strengths of smaller member states. Instruments such as IPCEI and the European Chips Act explicitly require European funding.

About FEEI

The Association of the Electrical and Electronics Industry represents the interests of the third-largest industrial sector in Austria with around 300 companies, around 74,000 employees and a production value of 24.61 billion euros (as of 2023). Together with its network partners - including the University of Applied Sciences Technikum Wien, UFH, Silicon Austria Labs, Plattform Industrie 4.0, Forum Mobilkommunikation (FMK), the Association of Alternative Telecom Network Operators (VAT) and the Association of the Railway Industry (VBI) - FEEI's primary goal is to strengthen the position of the Austrian electrical and electronics industry in the globally led competition between locations. www.feei.at

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⁵ [Enrico Letta](#): Much more than a market, p. 29

⁶ [German Council of Economic Experts](#): Annual Report 2023/34 (executive summary), p. 7